86-757

No. 86-

IN THE

Supreme Court of the United States

OCTOBER TERM, 1986

OLYMPUS CORPORATION,

Petitioner,

vs.

UNITED STATES, ET AL., K-MART CORPORATION,
47TH STREET PHOTO, INC.,

Respondents.

PETITION OF OLYMPUS CORPORATION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

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QUESTION PRESENTED

Whether a United States Customs Service regulation is valid which, contrary to the plain language of the statute it seeks to implement, permits third parties to import into this country foreign-made goods bearing a trademark owned by an American domiciliary, without the latter's consent?

PARTIES TO THE PROCEEDING

The petitioner is Olympus Corporation ("Olympus") plaintiff-appellant below.*

The respondents are:

1. The United States,

Donald T. Regan, former Secretary of the Treasury,

William von Raab, Commissioner of Customs,

Defendants-Appellees; and

2. K mart Corporation and

47th Street Photo, Inc.,

Intervenors-Appellees.

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* As required by Rule 28.1 of this Court's rules, Olympus' parent corporation is Olympus Optical Co., Ltd.

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OPINIONS BELOW

The opinion of the Court of Appeals is reported at 792 F.2d 315 (App. A, A-1 to A-17). The opinion of the District Court is reported at 627 F. Supp. 911 (E.D.N.Y. 1985) and is reproduced as Appendix B at B-1 to B-19.

JURISDICTION

The judgment of the Court of Appeals was entered June 9, 1986 (App. C, C-1). An order of this Court dated August 27, 1986 extended the time within which a petition for a writ of certiorari could be filed by Olympus to and including November 6, 1986 (App. D, D-1). The jurisdiction of this Court is invoked under 28 U.S.C. § 1254 (1).

STATUTE AND REGULATION INVOLVED

The applicable statute, section 526, Tariff Act of 1930, as amended, 19 U.S.C. 1526, provides in pertinent part as follows:

Merchandise bearing American trademark

IMPORTATION PROHIBITED

(a) Except as provided in subsection (d) of this section, it shall be unlawful to import into the United States any merchandise of foreign manufacture if such merchandise, or the label, sign, print, package, wrapper, or receptacle, bears a trademark owned by a citizen of, or by a corporation or association created or organized within, the United States, and registered in the Patent and Trademark Office by a person domiciled in the United States, under the provisions of sections 81 to 109 of Title 15, and if a copy of the certificate of registration of such trademark is filed with the Secretary of the Treasury, in the manner provided in section 106 of said Title 15, unless written consent of the owner of such trademark is produced at the time of making entry.

SEIZURE AND FORFEITURE

(b) Any such merchandise imported into the United States in violation of the provisions of this section shall be subject to seizure and forfeiture for violation of the customs laws.

The pertinent Customs Regulations, 19 C.F.R. 133.21(b) and (c), provide:

Subpart C - Importations Bearing Recorded Trademarks or Trade Names

§ 133.21 Restrictions on importation of articles bearing recorded trademarks and trade names

* * * * *

(b) *Identical trademark.* Foreign-made articles bearing a trademark identical with one owned and recorded by a citizen

of the United States or a corporation or association created or organized within the United States are subject to seizure and forfeiture as prohibited importations.

(c) *Restrictions not applicable.* The restrictions set forth in paragraphs (a) and (b) of this section do not apply to imported articles when:

(1) Both the foreign and the U.S. trademark or trade name are owned by the same person or business entity;

(2) The foreign and domestic trademark or trade name owners are parent and subsidiary companies or are otherwise subject to common ownership or control (see §§ 133.2(d) and 133.12(d));

(3) The articles of foreign manufacture bear a recorded trademark or trade name applied under authorization of the U.S. owner;

(4) The objectionable mark is removed or obliterated prior to importation in such a manner as to be illegible and incapable of being reconstituted, for example by:

(i) Grinding off imprinted trademarks wherever they appear;

(ii) Removing and disposing of plates bearing a trademark or trade name;

(5) The merchandise is imported by the recordant of the trademark or trade name or his designate;

(6) The recordant gives written consent to an importation of articles otherwise subject to the restrictions set forth in paragraphs (a) and (b) of this section, and such consent is furnished to appropriate Customs officials; or

(7) The articles of foreign manufacture bear a recorded trademark and the personal exemption is claimed and allowed under § 148.55 of this chapter.

STATEMENT

This case involves what are colloquially known as "gray market" imports, sometimes also referred to as "parallel importations." They consist of trademarked goods manufactured abroad by or under the authorization of the foreign owner of the trademark, which are purchased on the open market from foreign distributors, and then imported into and sold within the United States by persons other than the exclusive American distributor of those goods.[1] If the U.S. distributor is the owner in this country of the trademark, and the mark is registered with the Patent & Trademark Office, it can require the United States Customs Service to preclude the importation of the "gray market" goods under section 526 of the Tariff Act of 1930. Yet by administrative fiat this right does not inure to the benefit of all American trademark registrants, only to those who possess no equity or similar relationship with the owner of the same trademark abroad. This circumscription upon the right to invoke the protections of section 526 does not appear in the statute. Rather, it is a limitation which has been imposed administratively by the Customs Service based upon its notions of antitrust policy and/or its assessment that Congress did not mean what it said when it originally enacted section 526 as part of the Tariff Act of 1922 (the statute was later repealed and reenacted in identical form in the Tariff Act of 1930). The validity of the Customs Service's so-called "related-party" limitation, as embodied in 19 C.F.R. § 133.21(c)(2), is the issue to be decided.

Olympus is a New York corporation with a principal place of business in Nassau County, New York, and is the exclusive authorized United States importer-distributor of the well-known "Olympus" brand of photographic equipment and supplies,

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[1] Another variation is where a United States manufacturer owns the trademark both here and abroad, licenses to another the manufacture in a foreign country of goods bearing that mark for foreign distribution and consumption, and then finds those goods being imported into this country by unauthorized third parties.

including cameras and lenses, produced in Japan. The goods are manufactured by Olympus Optical Co., Ltd., Olympus' parent company, which owns the rights to the "Olympus" mark in Japan. Since 1977, Olympus has owned the American rights to the "Olympus" trademark for photographic products. This trademark is registered in the U.S. Patent & Trademark Office. Since Olympus, the U.S. owner of the "Olympus" mark, and Olympus Optical, the Japanese owner of the same trademark, are related companies, the Customs Service, perforce of its regulation, has refused to preclude the importation into this country of Olympus-brand merchandise acquired in third-country markets and imported by others without Olympus' consent.

After an unsuccessful attempt to induce an administrative change in practice, Olympus in 1984 initiated suit in the Eastern District of New York against the United States, then Secretary of the Treasury Donald T. Regan , and Commissioner of Customs William von Raab, for a declaration that the regulatory restriction involved was in derogation of the statutes it was designed to implement (19 U.S.C. § 1526 and 15 U.S.C. § 1124[2]), and was therefore *ultra vires* and void.[3] Olympus' position in the trial court was (1) that as an American company which owned the U.S. rights to the trademark, together with the good will in this country appurtenant thereto, it was entitled to avail of the protection of section 526, (2) that the nature and identity of its shareholders was (or should be) irrelevant, and (3) that section 526 should be construed according to its plain meaning. 47th Street Photo, Inc., a retailer of gray market "Olympus" products, and K mart Corporation, a potential vendor, were granted leave to intervene.

The trial court disagreed with Olympus' position and adopted the Government's view, holding that "[t]he broad interpretation

[2] The decision of the court below as it pertains to 15 U.S.C. § 1124 is not in issue on this petition.

[3] Jurisdiction in the district court was invoked pursuant to 28 U.S.C. §§ 1331 (federal question), 1338 (Act of Congress relating to trademarks), and 2201 (declaratory judgment).

that plaintiff urges upon the Court is contrary to the reading [of section 526] that is supported by the legislative history, longstanding administrative practice by the Customs Service, relevant judicial decisions, and legislative inaction or acquiescence of all of the above during the decades following enactment of § 526." App. B at B-18. It recognized, however, that its rationale for upholding the validity of the regulation was in direct conflict with the views of the Court of Appeals for the Federal Circuit in *Vivitar Corp. v. United States*, 761 F.2d 1552 (Fed. Cir.1985): "The majority [in *Vivitar*] concluded that § 526 should not be given the limited construction urged by defendants herein. In reaching that conclusion, the majority rejected the same arguments presented by defendants herein in favor of a limited construction based upon the leglislative history, administrative interpretation, and implied congressional ratification of § 526." App. B at B-18.

On appeal, the Court of Appeals for the Second Circuit, by a divided panel, affirmed the judgment below but on a different theory. While the court acknowledged that the regulation in issue is "unsound both as antitrust policy and as trademark law" (A-10), and found the regulation to be "of questionable wisdom" (A-11), it nevertheless sustained its validity upon its belief "that congressional acquiescence in the longstanding administrative interpretation of the statute legitimates that interpretation as an exercise of Customs' enforcement discretion." Appendix A at A-11. The court then concluded, contrary to the views of the lower court and the historical position taken by the Government, that "Customs' interpretation of the statute does not limit the reach of protection of section 526; it only limits Customs' obligation to enforce the section by excluding goods." Appendix A at A-12. A curious result indeed, since throughout the "checkered history" (A-10) of the regulation at issue, Customs never attempted to justify its regulation as an exercise of "enforcement discretion," but rather as a mandate of what the law required. The agency has, however, chosen at various times to employ different theories to support its restrictive construction of section 526, illustrative of the confusion which has attended the history of the regulation both before the courts and the agency. The latter point is well

made by Judge Winter of the Second Circuit in dissent, when he notes that "the Customs Service has over the years justified this regulation with arguments of opportunity tailored to whatever audience it happened to be addressing at the time." App. A at A-17.

REASONS FOR GRANTING THE PETITION

The issue in this case is one that greatly affects a variety of different interests. It affects many U.S. trademark owners whose good will and considerable capital investment in developing, promoting and maintaining brand-recognition in this country are seriously threatened by the influx of gray market merchandise over which they have no control. It affects importers and merchandisers of gray market goods who desire to continue to profit by their exploitation of that brand recognition. It also affects the Government, specifically the Customs Service, which is charged by law with the responsibility of administering section 526 at the border. Much has been written on the subject, both in legal publications, trade papers and periodicals of general circulation.[4]

In particular, and as is especially germane to this petition, the issue has confounded and polarized the members of the federal judiciary, in particular the appellate bench. To date, three courts of appeal have directly addressed the validity of the applicable customs regulation — the Second Circuit, in this case; the Federal Circuit in *Vivitar Corp. v. United States*, 761 F.2d 1552 (Fed. Cir. 1985), *cert. denied*, 106 S. Ct. 791 (1986), which also upheld the regulation, but only as a "reasonable exercise of administratively initiated enforcement," 761 F.2d at 1571; and the District of Columbia Circuit in *Coalition to Preserve the Integrity*

[4] *See, e.g.*, Daily Report for Executives, July 30, 1986, (Economic Developments), at L-5; Los Angeles Times, May 7, 1986, at 1, col. 1; Riley, *'Gray Market' Fight Isn't Black and White; a Tangle of Trademark Issues*, The National Law Journal, October 28, 1985, at 1; Arthurs, *Trademark Holders Tackle Gray Market*, Legal Times, April 9, 1984 at 1; Arthurs, *Gray Marketeers Claim Upper-Hand In Legal War*, Legal Times, December 17, 1984, (Gray Power) at 2.

of American Trademarks ["COPIAT"], et al v. United States, 790 F.2d 903 (D.C. Cir. 1986), which in a unanimous decision, in direct conflict with the decisions of the courts in *Olympus* and *Vivitar*, held that the Customs regulations in question were contrary to section 526 and hence, unlawful.[5]

In this case, the majority upheld the regulation based upon "congressional acquiescence in the longstanding administrative interpretation of the statute." App. A at A-11. In determining that that interpretation was "longstanding," it expressly adopted the Federal Circuit's rendition in *Vivitar* of the factual history of the regulations (appearing at 761 F.2d at 1565-68), yet flatly disagreed with that court's conclusion "that the regulations have not been sufficiently consistent to warrant a finding that longstanding administrative interpretation confirms (the Government's) reading of the statute." App. A at A-10. The majority in *Vivitar* was particularly pointed in this regard:

> Rather than a consistent policy of administration over the years, reflecting an unvarying interpretation of the statute, it appears that Customs has had continuing questions concerning the reading of the statute. It is evident that, over the years, Customs has attempted to adjust its regulations to reflect the few judicial decisions which interpreted the law prior to 1972. The regulations, while imposing the "same entity" limitation since 1936, have not been consistent in respect of what other limitations should be recognized nor has consistency been unequivocally shown in enforcement.

761 F.2d at 1568. *Accord*, dissenting opinion of Winter, *J.* in this case (A-16-17).[6]

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[5] The respondents on this petition have all filed petitions with this Court in *COPIAT* for a writ of certiorari to the Court of Appeals for the D.C. Circuit: The United States (No. 86-625), K mart Corporation (No. 86-245) and 47th Street Photo, Inc. (No. 86-624).

[6] Judge Davis of the Federal Circuit, while concurring in the result in *Vivitar*, disagreed with the majority's view that the regulations have not been applied consistently. 761 F.2d at 1572.

In *COPIAT*, the unanimous bench was equally unequivocal:

> The Customs Service's interpretation here was not adopted contemporaneously with the statute, [citation omitted]; moreover, the first set of Customs regulations announcing this policy [in 1936] appeared to implement *another* statute, then-Section 27 of the Trade-Mark Act of 1905, rather than Section 526. Nor has the Customs Service's interpretation since that time been supported by anything more than poorly articulated and vacillating reasoning. As our analysis shows . . ., the legislative history of Section 526 provides little if any support for its interpretation.

790 F.2d at 916 (emphasis in original).

Regarding its finding of "congressional acquiescence" in Customs' "longstanding" administrative interpretation of section 526, the court in this case relied upon two factors. First, a statement in a House Ways and Means Committee report accompanying the Customs Procedural Reform and Simplification Act of 1978, P.L. No. 95-410, § 211, 92 Stat. 888, 903, that referred to Customs' practice of excluding from statutory protection goods bearing a trademark owned by a U.S. citizen " 'if the foreign producer [of those goods] has been authorized by the American trademark owner to produce and sell goods abroad bearing the recorded trademark.' H.R. Rep. No. 621, 95th Cong., 1st Sess. 27 (1977)." App. A at A-13. Second, it seized upon a letter written by then Assistant Secretary of State Thruston B. Morton to a Senate Judiciary Committee subcommittee at a time (in 1954) when a bill to amend the customs law was pending. App. A at A-13. The letter apparently adivsed the subcommittee that Customs permitted parallel importation. On this basis, the court below concluded that Congress had acquiesced in the administrative practice.

Yet both the *Vivitar* and *COPIAT* courts took the opposite view. In *Vivitar*, the argument was given short shrift: "Legislation by total silence is too tenuous a theory to merit extended discussion." 761 F.2d at 1568. In *COPIAT*, the court provided

a similar rejection: "One casual statement in a committee report of one chamber, moreover, simply does not demonstrate Congress' 'prolonged and acute awareness' of the Customs Service's interpretation, much less its 'approval' and adoption of that interpretaton. *See Bob Jones University v. United States*, 461 U.S. 574, 601, 103 S.Ct. 2017, 2033, 76 L.Ed.2d 157 (1983)." 790 F.2d at 917.

The point is simply this: three appellate courts have addressed the very same issue. Two, the Second Circuit in this case and the Federal Circuit in *Vivitar*, have sustained the validity of the Customs regulation but on different grounds; one, the District of Columbia Circuit in *COPIAT*, has declared the regulation unlawful. Nine members of the federal appellate bench have been heard: five have voted to sustain the administrative interpretation; four have rejected it. A direct and irreconcilable conflict therefore exists on a matter of national importance. Without this Court's intervention, uncertainty will perpetuate. To be sure, the Government in particular is in a quandary, facing a mandate from the D.C. Circuit in *COPIAT* that its regulation is invalid. This is obviously why the United States felt compelled to petition for certiorari in that case. This Court must settle the question.

CONCLUSION

This petition for a writ of certiorari should be granted.

Respectfully submitted,

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Dated: November 4, 1986

APPENDIX

APPENDIX A

UNITED STATES COURT OF APPEALS

FOR THE SECOND CIRCUIT

No. 733—August Term, 1985

(Argued January 28, 1986 Decided June 9, 1986)

Docket No 85-6282

OLYMPUS CORPORATION,

Plaintiff-Appellant,

—v.—

UNITED STATES, et al.,

Defendants-Appellees,

K MART CORPORATION,

Intervenor-Appellee,

47TH STREET PHOTO, INC.,

Intervenor-Appellee.

Before:

OAKES, WINTER and PRATT,

Circuit Judges.

Customs regulations permitting parallel importation of trademarked goods despite 19 U.S.C. § 1526 upheld by the United States District Court for the Eastern District of New York, Charles P. Sifton, Judge (627 F. Supp. 911 (E.D.N.Y. 1985)). Affirmed.

OAKES, *Circuit Judge*:

After extended but unsuccessful trade association efforts to secure change of United States Customs Service regulations permitting parallel importation of "gray market" goods, an American subsidiary of a foreign manufacturer of trademarked goods seeks declaratory and injunctive relief declaring those Customs regulations invalid. Such relief was also sought but denied by the Court of International Trade ("CIT") in *Vivitar Corp. v. United States*, 593 F. Supp. 420 (Ct. Int'l Trade 1984), *aff'd*, 761 F.2d 1552 (Fed. Cir. 1985), *cert. denied*, 106 S. Ct. 791 (1986) ("*Vivitar*"), but was granted by the United States Court of Appeals for the District of Columbia Circuit in *Coalition to Preserve the Integrity of American Trademarks v. United States*, No. 84-5890 (D.C. Cir. May 6, 1986) ("*COPIAT*"), reversing 598 F. Supp. 844 (D.D.C. 1984). The United States District Court for the Eastern District of New York, Charles P. Sifton, Judge, in an opinion published at 627 F. Supp. 911 (E.D.N.Y. 1985), agreed with the district court in *COPIAT* and the CIT in *Vivitar* that the regulations were not contrary to the statute in question, section 526 of the Tariff Act of 1922, ch. 356, 42 Stat. 858, 975, reenacted without significant change in the Tariff Act of 1930, ch. 497, § 526, 46 Stat. 590, 741 (codified as amended at 19 U.S.C. § 1526 (1982)) ("Section 526"). On appeal intervenor-appellee 47th Street Photo urges that the district court had no subject matter jurisdiction on the basis that the CIT has exclusive jurisdiction over the Tariff Act claim. We find, however, that the district court properly asserted jurisdiction over the dispute. We agree with the district court that the Customs regulation is valid. And we affirm the district court's holding that appellant failed to

state a claim under section 42 of the Lanham Act, 15 U.S.C. § 1124 (1982).

Background

Olympus Corporation ("Olympus") is a New York wholly-owned subsidiary of Olympus Optical Company, Ltd. ("Olympus Optical"), a Japanese corporation that manufactures Olympus-brand products, including cameras, lenses, flash units, and filters. Olympus is the exclusive distributor of Olympus Optical's Japanese-manufactured goods in the United States, and it owns the rights in this country to the Olympus trademark. 47th Street Photo, Inc., is a New York City retailer of electronic equipment, including Olympus Optical products. Some of those Olympus Optical goods are purchased abroad, evidently at prices that permit 47th Street Photo to offer the goods for resale in its stores at discount prices. The goods bear the Olympus mark. K mart Corporation is a national retailer operating more than 2,000 stores, and is a potential customer for such gray market Olympus-brand equipment. It deals substantially in other gray market goods. Gray market goods, such as the Olympus-brand goods that 47th Street Photo sells, and K mart may potentially sell, are goods that are manufactured abroad, are legally purchased abroad from authorized distributors, and are then imported by persons other than the trademark holder and without the markholder's permission. Gray market goods are thus imported "parallel" to goods imported by or with the permission of the markholder.

Section 526(a) makes it "unlawful to import into the United States any merchandise of foreign manufacture if

such merchandise . . . bears a trademark owned by a citizen of, or by a corporation or association created or organized within, the United States," provided that the trademark is properly registered, as the Olympus trademark was here, "unless written consent of the owner of such trademark is produced at the time of making entry." 19 U.S.C. § 1526(a) (1982). Section 526(b) subjects any such merchandise to seizure and forfeiture for violation of the customs laws. Section 526(c) provides that any person dealing in such merchandise may be enjoined from doing so or may be required to export or destroy the merchandise or remove or obliterate the trademark; it also subjects the dealer to the same liability for damages and profits as for wrongful use of a trademark.

The applicable Customs regulation excepts from Customs seizure under section 526 imported articles bearing a trademark identical to the one held by a United States citizen or corporation when "[t]he foreign and domestic trademark or trade name owners are parent and subsidiary companies or are otherwise subject to common ownership or control." 19 C.F.R. § 133.21(c)(2) (1985). The effect of this regulation is to allow third parties to import trademarked goods without the permission of the American markholder where that markholder is either a parent or subsidiary of, or is held in common ownership with, a foreign manufacturer.

The American Association of Exporters and Importers, acting through a trademark group, the chairman of which is the vice president in charge of product importation of Olympus, sought to have the Customs Service and the Treasury Department eliminate from the regulations the exemption under section 133.21(c)(2). As a letter dated June 8, 1984, makes clear, however, "[b]ecause of the

legislative and litigative history and longstanding Customs practice on this matter, the Treasury Department has declined to change this practice by a mere regulatory change." Letter from John M. Walker, Jr., Assistant Secretary (Enforcement and Operations), Department of the Treasury, to Senator Paul S. Sarbanes. Having failed in its efforts to obtain regulatory reform, Olympus began this litigation.

Discussion

I. JURISDICTION

In *Vivitar Corp. v. United States*, 585 F. Supp. 1419 (Ct. Int'l Trade 1984), *aff'd*, 761 F.2d 1552 (Fed. Cir. 1985), *cert. denied*, 106 S. Ct. 791 (1986), Judge Restani held that the CIT had exclusive jurisdiction over a suit addressing the same issue raised here because the cause of action arises out of the laws of international trade, that jurisdiction being based on 28 U.S.C. § 1581(i)(3) and (4) (1982). The D.C. Circuit in *COPIAT*, No. 84-5890, slip op. at 5-9 (D.C. Cir. May 6, 1986), and the district court in this case, No. CV-84-0920 (E.D.N.Y. Nov. 15, 1984) (unpublished order), rejected the claim that jurisdiction over this matter belongs exclusively in the CIT. The Court of Appeals for the Federal Circuit, however, affirmed the CIT's holding that an action for a declaratory judgment that 19 C.F.R. § 133.21 was invalid falls within the exclusive jurisdiction of the CIT either under 28 U.S.C. § 1581(i)(4) as relating to the administration and enforcement of the so-called "protest" jurisdiction in 28 U.S.C. § 1581(a), or under 28 U.S.C. § 1581(i)(3) as a civil action against the United States arising out of laws providing for an embargo or quantitative restriction on goods, and the

administration and enforcement thereof, 28 U.S.C. § 1581(i)(4), 761 F.2d at 1560. We disagree.

Congress has granted the CIT exclusive jurisdiction over actions specified in 28 U.S.C. § 1581(a)-(h), and provided in 28 U.S.C. § 1581(i) for a residual grant of exclusive jurisdiction. *See generally* Amerine, *Jurisdiction of the Court of International Trade: One Year After the Customs Courts Act of 1980*, 29 Fed. B. News & J. 43 (1982). Under section 1581(i)(4) juris diction is conferred over any civil action "that arises out of any law of the United States providing for . . . administration and enforcement with respect to the matters referred to in . . . subsections (a)-(h)" of section 1581. Section 1581(a) refers to review of the denial of protests under 19 U.S.C. § 1515. However, section 1514, which outlines the circumstances under which a protest may be made, makes no provision for a protest where the Customs Service *refuses* to exclude merchandise; it permits the filing of a protest only when exclusion of merchandise takes place under a provision of the customs law. 19 U.S.C. § 1514(a)(4) (1982 & Supp. II 1984). Here, the goods have not been excluded and a markholder challenging their importation therefore can file no protest. *See Vivitar*, 585 F. Supp. at 1424 ("19 U.S.C. § 1514 makes it clear that a decision not to exclude merchandise is not protestable.").

Judge Restani, however, found that section 1581(i)(4) gave the CIT jurisdiction of the substantive matter that may be the subject of a protest where the protest remedy is inappropriate or unavailable. *Id.* at 1425. Although section 1581(i) was intended as a broad grant of jurisdiction to the CIT, *see* H.R. Rep. No. 1235, 96th Cong., 2d Sess. 47 ("House Report"), *reprinted in* 1980 U.S. Code Cong. & Ad. News 3729, 3759, this action does not arise

out of the "administration and enforcement" of protests simply because it tangentially relates to the protest procedure. We think that section 1581(i)(4) properly gives the CIT jurisdiction only of those matters that arise from protests themselves, not of all issues that conceivably could arise in a protest action under a hypothetical fact situation. CIT jurisdiction over this case will not further the congressional purpose of achieving uniform decision-making with respect to import transactions by referring disputes to a court possessing specialized expertise, *see* House Report at 20, 1980 U.S. Code Cong. & Ad. News at 3731, because this action primarily involves antitrust and trademark matters, areas outside the expertise of the CIT. Because we decide that section 1581(i)(4) in conjunction with section 1581(a) does not give the CIT jurisdiction over this matter, we need not reach the Government's broader contention that there can be no protest jurisdiction with respect to these matters because section 526 is a trademark law and not a customs law within the meaning of 19 U.S.C. § 1514(a)(4).

The Federal Circuit held, alternatively, that the CIT had jurisdiction over *Vivitar* pursuant to 28 U.S.C. § 1581(i)(3) because the case arises out of an "embargo or quantitative restriction on certain goods," 761 F.2d at 1560 (footnote omitted), section 526 being a law providing for a quantitative restriction of zero. But we do not think this is the kind of case Congress envisioned when it passed section 1581(i)(3). Rather, we think quantitative restrictions refer to numerical import restrictions such as those imposed by quotas. *See American Association of Exporters & Importers v. United States*, 751 F.2d 1239, 1244 (Fed. Cir. 1985) (trade group's suit challenging government action establishing textile import quotas

properly brought in the CIT under 28 U.S.C. § 1581(i)(3)). The reference by Senator Kellogg, an opponent of section 526, to that section in the 1922 Senate debate as a proposal "to enforce the trademark laws by a prohibition and an embargo against shipments," 62 Cong. Rec. S.11603 (Aug. 19, 1922), is entitled to little weight. To treat section 526 as an "embargo" would be to give that term a construction far broader than its ordinary meaning without any indication of such congressional intent. The continuing trademark jurisdiction of the district courts under 28 U.S.C. §§ 1331 and 1338(a) (1982) gives the district courts jurisdiction not only over the respective rights between private parties under section 526, *see Vivitar*, 761 F.2d at 1560, but also over the matter presented here.

II. MERITS

The legislative history of section 526 has been, we think, quite correctly recounted by Judge Restani in *Vivitar*, 593 F. Supp. at 426-28. Little would be gained by adding to what she says there and we adopt that portion of his opinion by reference, noting only that we consider the amendment of section 526 to exempt articles imported by an individual for his own use to be irrelevant here. While we agree with her conclusion that section 526 was adopted in 1922 primarily to overturn a decision of this court, *A. Bourjois & Co. v. Katzel*, 275 F. 539 (2d Cir. 1921), a decision that was later reversed by the United States Supreme Court, 260 U.S. 689 (1923), as Judge Leval stated in *Osawa & Co. v. B&H Photo*, 589 F. Supp. 1163, 1175 (S.D.N.Y. 1984), "[t]he fact that [section 526] was passed to overturn the Court of Appeals decision in *Katzel* does not mean that, in spite of its broad language,

it should govern only the narrowest version of the *Katzel* facts." Nonetheless we disagree with the broad interpretation the *Osawa* court gave the statute, 589 F. Supp. at 1170-78, for reasons that will appear below.

The checkered history of the Customs regulations embodied principally in 19 C.F.R. § 133.21(c) is set forth by the Court of Appeals for the Federal Circuit in *Vivitar,* 761 F.2d at 1565-68. We disagree with the Federal Circuit's conclusion that the regulations have not been sufficiently consistent to warrant a finding that longstanding administrative interpretation confirms appellees' reading of the statute. We do, however, adopt by reference that court's statement of the factual history of the regulations. So saying, we point to one additional piece of information and add one caveat. The additional information, as set forth in the district court's opinion in *COPIAT,* 598 F. Supp. at 850, is that since 1951 the Customs Service has issued several letters reflecting its consistent policy, in cases in which the United States trademark owner and the owner of the foreign rights to the mark are one and the same person, of permitting the importation by anyone of trademarked goods introduced into commerce by the foreign owner. *See* Customs Service Letters dated March 23, 1951; July 2, 1962; March 19, 1963; December 11, 1968; and June 28, 1971. Our caveat is that we agree in large part with Judge Leval's statements in *Osawa* that section 133.21(c) is "unsound both as antitrust policy and as trademark law," 589 F. Supp. at 1178, especially in respect to his comments on *United States v. Guerlain, Inc.*, 155 F. Supp. 77 (S.D.N.Y. 1957), *vacated and remanded*, 358 U.S. 915 (1958), *action dismissed*, 172 F. Supp. 107 (S.D.N.Y. 1959). *See generally Osawa*, 589 F. Supp. at 1176-78. While the district court's decision in

Guerlain was subject to criticism, the trend of antitrust law prior to 1972 supported it and the Customs regulations. Indeed, in *United States v. Arnold, Schwinn & Co.*, 388 U.S. 365, 379 (1967), the Supreme Court held that manufacturer-imposed restrictions on the distribution of products after those products were released into commerce were per se violations of the Sherman Act. *Schwinn*, however, was, as we know, overruled in *Continental T.V., Inc. v. GTE Sylvania Inc.*, 433 U.S. 36, 58 (1977), and this alone would seem to make reassessment of section 133.21(c) appropriate at least insofar as those regulations rest on antitrust considerations.

Here we come to the gist of our decision. While we find the regulation of questionable wisdom, we believe that congressional acquiescence in the longstanding administrative interpretation of the statute legitimates that interpretation as an exercise of Customs' enforcement discretion. The variations of the gray market are numerous. *See Vivitar*, 761 F.2d at 1570 n.24 (U.S. and foreign trademark rights may be owned by the same entity, by related companies, or by wholly separate companies; imported goods may be identical to or different from the parallel import; the goods may be produced in the United States and different goods produced abroad; services and warranties may or may not be the same; foreign licensees may not be subject to U.S. control). The administrative difficulties inherent in requiring the Customs Service to exclude gray market goods make clear why Customs has long and consistently interpreted section 526 to allow it to refuse to exclude the goods. Absent this bright line for administrative enforcement, the Customs Service would expend resources excluding goods when later private litigation could disclose that the markholder lacked isolable

domestic good will and was merely engaging in price discrimination or other behavior questionable as a matter of antitrust law. Regulations that attempted to permit exclusion only of goods the markholders of which possessed discrete domestic good will would, as Judge Sifton pointed out, place the Customs Service "in the position of having to determine at the time of border crossing whether the domestic trademark holder had developed an independent public image in this country." 627 F. Supp. at 921.

While there may be a difference between exercising administrative discretion on a case-by-case basis to refuse to undertake enforcement actions, *see*, *e.g.*, *Heckler v. Chaney*, 105 S. Ct. 1649 (1985), and promulgating a regulation that ensures potential gray market infringers that they may import goods with impunity, the latter is not the case here. Customs' interpretation of the statute does not limit the reach of protection of section 526; it only limits Customs' obligation to enforce the section by excluding goods. The markholder still has rights under the statute: he may pursue private remedies against the importer under section 526(e), notwithstanding Customs' failure to exclude the goods.

It is this concern for the underlying administrative problems of Customs that we believe must have led Congress to engage in what the district court in *COPIAT* labeled "a pattern of legislative acquiescence," 598 F. Supp. at 851, in reference to Customs' interpretation of section 526. In connection with amending section 526 in the Customs Procedural Reform and Simplification Act of 1978, Pub. L. No. 95-410, § 211, 92 Stat. 888, 903, the House Ways and Means Committee explicitly recognized the Customs Service's then twenty years of consistent

interpretation "excluding from protection foreign-produced merchandise bearing a genuine trademark created, owned, and registered by a citizen of the United States if the foreign producer has been authorized by the American trademark owners to produce and sell abroad goods bearing the recorded trademark." H.R. Rep. No. 621, 95th Cong., 1st Sess. 27 (1977). Yet, Congress did not take any action to alter this approach, thus indicating its acceptance of Customs' practice. *See Haig v. Agee*, 453 U.S. 280, 297-98 (1981) (where Congress acts in related area with awareness of and no evidence of intent to repudiate longstanding administrative construction, Congress is read to have adopted that interpretation); *Red Lion Broadcasting Co. v. FCC*, 395 U.S. 367, 381 (1969); *Grocery Manufacturers of America, Inc. v. Gerace*, 755 F.2d 993, 1000 (2d Cir.) (citing cases), *cert. denied*, 106 S. Ct. 69 (1985). Congress was informed that the Customs Service permitted parallel importation when it considered amending the customs law in 1954, *see Registration and Protection of Trade-marks: Hearing on S.2540 Before a Subcomm. of the Senate Comm. on the Judiciary*, 83d Cong., 2d Sess. 96 (1954) (letter of Thruston B. Morton, Assistant Secretary of State), and specifically noted the practice and yet chose not to change it while amending other parts of section 526 in 1978. While it may be good policy to change these regulations as argued, *e.g.*, in Note, *The Greying of American Trademarks: The Genuine Goods Exclusion Act and the Incongruity of Customs Regulation 19 C.F.R. § 133.21*, 54 Fordham L. Rev. 83, 111-15 (1985), we believe that in light of the long acceptance of the regulations, change is a matter for the legislative or executive branch and not the judiciary.[1]

1. In *COPIAT*, No. 84-5890 (D.C. Cir. May 6, 1986), the District of Columbia Circuit invalidated the regulations here at issue, holding

We think the district court correctly dismissed Olympus's claim under 15 U.S.C. § 1124 (1982). The plain language of the statute does not bar importation if the goods are genuine, only if they "copy or simulate" a trademark. True, the Supreme Court held in *A. Bourjois & Co. v. Aldridge*, 263 U.S. 675 (1923) (per curiam), by answering affirmatively questions certified at 292 F. 1013, 1014 (2d Cir. 1922), that section 27 of the Trade-Mark Law of 1905, from which 15 U.S.C. § 1124 was derived, bars importation of goods produced abroad and bearing the genuine trademark where an independent domestic trademark owner purchased the U.S. trademark rights from the foreign trademark owner. It is difficult to argue that *Aldridge* can be distinguished on the basis that the domestic and foreign markholders there were independent of each other because such an argument suggests that the words "copy or simulate" mean one thing when the

them inconsistent with Section 526. We disagree with that court's conclusion that "the Customs Service's interpretation of Section 526 does not display the necessary 'thoroughness, validity, and consistency' to merit judicial acceptance," slip op. at 29, *quoting Federal Election Comm'n v. Democratic Senatorial Campaign Comm.*, 454 U.S. 27, 37 (1981), at least in the face of congressional acquiescence in that interpretation. Moreover, we do not think that *SEC v. Chenery Corp.*, 332 U.S. 194, 196 (1947), precludes us from holding the agency's regulation proper as an excercise of enforcement discretion even if the agency did not itself "purport[ ] to justify these regulations as an exercise of enforcement discretion." *COPIAT*, slip op. at 32. As the earlier opinion in the *Chenery* case, *SEC v. Chenery Corp.*, 318 U.S. 80, 88 (1943), makes clear, only where "an order is valid only as a determination of policy or judgment which the agency alone is authorized to make" does the *Chenery* rule apply. As an appellate court we have the power to determine whether the regulation can legitimately be upheld under the statute; this determination is not for the agency alone and thus *Chenery* does not constrain us as applicable only to decisionmaking or adjudicative procedures, 3 K. Davis, *Administrative Law Treatise* § 14.29 at 128-31 (2d ed. 1980), as opposed to administrative rulemaking power, 2 *id.* at §§ 7.2, 7.25; *see also* Friendly, Chenery *Revisited: Reflections on Reversal and Remand of Administrative Orders*, 1969 Duke L.J. 199.

companies are related and another when they are not. But the interpretation of section 1124 urged by Olympus puts a great deal of strain on a one-sentence per curiam opinion announcing a decision, to which the opposing party did not object, based on the reasoning of the three-page opinion in *A. Bourjois & Co. v. Katzel*, 260 U.S. 689 (1923), a case influenced by equities not present here. Absent the *Katzel* situation, section 1124 applies only to merchandise bearing counterfeit or spurious trademarks that "copy or simulate" genuine trademarks. We are reassured in this conclusion by the fact that in *Prestonettes, Inc. v. Coty*, 264 U.S. 359, 368 (1924), the Supreme Court suggested that *Katzel* had limited application to any but its own special facts.

Judgment affirmed.

WINTER, *Circuit Judge*, dissenting:

I respectfully disagree with the conclusion reached by my colleagues as to the validity of the customs regulation in question.

With regard to Congress's intent in enacting Section 526, I agree generally with Judge Silberman's discussion in *Coalition to Preserve the Integrity of Trademarks v. United States*, No. 84-5890, slip op. (D.C. Cir. May 6, 1986), although I believe the legislative history to be somewhat more ambiguous than his opinion indicates.

Moreover, as Judge Silberman's opinion describes in detail, *id.* at 23-31, the history of the regulation itself reflects the Customs Service's own confusion over the

purpose and validity of the regulation. The Service waited some thirteen years before enacting one version of it and then relied for the statutory basis on the Lanham Act's predecessor rather than on Section 526. Since then, the reasons given by the Service in support of the regulation have varied, and even now considerable doubt exists as to precisely what relevant policy it is intended to implement. Congress's supposed long-standing acquiescence, therefore, is of little weight in view of the lack of continuity in the Service's rationale. *Id.* at 29-31.

My colleagues rely upon the administrative difficulties faced by the Service in excluding grey market goods as a policy justifying the regulation. I believe that such reliance is misplaced. First, the purported administrative difficulties appear to be recently created justification to defend litigation in the 1980's. The Service never alluded to administrative difficulties when the regulation was originally promulgated a half century ago on the basis of the Lanham Act's predecessor, or later when it found the regulation's basis in a now defunct antitrust policy, or when it based the regulation upon the purported commands of Section 526.

Second, viewing this regulation as an attempt to lighten the Service's administrative burdens is a bootstrap argument. Enforcement of Section 526 as written is simplicity itself. Goods of foreign manufacture bearing a trademark owned by a U.S. citizen or firm must be excluded from the country absent written consent from the owner. Difficulties stemming from variations in grey market relationships or from a supposed need to find a mark's existing domestic goodwill arise only after determining that Section 526 does not exclude all grey market goods. In short, the administrative difficulties are encountered only after

the major legal question as to the meaning of Section 526 has been resolved. Once that is resolved against excluding grey market goods, however, the validity of the regulation is beyond challenge.

The fact is that the Customs Service has over the years justified this regulation with arguments of opportunity tailored to whatever audience it happened to be addressing at the time. This is hardly unusual administrative behavior, although the degree of vacillation in this case is somewhat exceptional. The fact that courts may indulge in fiction in the area of administrative law more often than in any other field does not mean, however, that we cannot insist upon coherent fiction. *Cf. United States v. Diapulse Corp. of America*, 748 F.2d 56, 61-62 (2d Cir. 1984).

I respectfully dissent.

APPENDIX B

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

No. CV 84-0920

OLYMPUS CORPORATION,

Plaintiff,

– against –

THE UNITED STATES OF AMERICA,
DONALD T. REGAN and WILLIAM VON RAAB,

Defendants.

(K-MART CORPORATION and 47th STREET
PHOTO, INTERVENORS).

August 22, 1985

MEMORANDUM AND ORDER

SIFTON, District Judge.

This is an action brought by Olympus Corporation, a New York Corporation, doing business in Nassau County, for declaratory and injunctive relief against the enforcement of 19 C.F.R. § 133.21(c), which provides that certain restrictions upon the importation of trademarked goods do not apply when "the foreign and domestic trademark . . . owners are parent and subsidiary companies or are otherwise subject to common ownership and control."

As set forth in this Court's Memorandum and Order of November 15, 1984, it is essentially undisputed that plaintiff is the exclusive United States distributor of Olympus-brand optical products,

including photographic products and accessories such as cameras, lenses, flash units, and filters, all of which are manufactured in Japan, and that it owns the rights in this country to the Olympus trademark for those products. Olympus is a subsidiary corporation of Olympus Optical Company Ltd. ("Olympus Optical"), a Japanese corporation which is the manufacturer of Olympus-brand products, and the owner of the rights to the Olympus mark in Japan.

Defendants are the United States of America; Donald T. Regan, in his capacity as Secretary of the Treasury; and William Von Raab, Commissioner of the United States Customs Service (the "federal defendants"). In addition, 47th Street Photo and K-Mart Corporation have sought leave to intervene as defendants. It is not disputed that 47th Street Photo is a New York City retailer of electronic equipment, including Olympus-brand products or that K-Mart is a national retailer operating more than 2,000 stores. Both proposed defendant-intervenors sell or propose to sell so-called "gray market" goods, as hereinafter defined, to consumers at discount prices.

In April 1978, the United States Customs Service accepted the Olympus trademark for import protection, pursuant to 15 U.S.C. § 1124 ("Section 42") and 19 U.S.C. § 1526 ("Section 526"). However, Customs specifically declined to prohibit importation into the United States by unrelated third parties (such as K-Mart and 47th Street Photo) of merchandise bearing the Olympus trademark and manufactured by Olympus Optical. Olympus alleges in its complaint that 19 C.F.R. § 133.21(c), which permits the importation of what are colloquially referred to as "diverted" or "gray market" goods – goods produced by a foreign manufacturer and bearing that manufacturer's trademark which are purchased abroad and imported by persons other than the manufacturer's authorized distributor – is *ultra vires*. Plaintiff argues that the regulation is inconsistent with two statutes, 15 U.S.C. § 1124 and 19 U.S.C. § 1526, which together prohibit the importation into the United States of goods bearing a trademark identical or confusingly similar to a mark owned by a United States citizen or corporation which is registered with the United States Patent and Trademark Office and recorded with the United States Custom Service, without the authorization or consent of the American

trademark proprietor. Olympus accordingly requests that this Court enjoin the Customs Service from enforcing the provisions of 19 C.F.R. § 133.21(c)(2) as to it.

Because of the controversy surrounding the current Customs' regulations, the Customs Service on May 21, 1984, published a notice soliciting economic data from the public concerning the effects of the importation of gray market goods. In addition, two actions seeking relief similar to that sought by Olympus were brought in other forums. First, in *Vivitar Corp. v. United States*, 585 F.Supp. 1419, and 593 F.Supp. 420 (C.I.T.1984), *aff'd*, 761 F.2d 1552 (1985), *rehearing denied*, No. 84-1638 (D.C.Cir. June 12, 1985), Vivitar sought a writ of mandamus in the Court of International Trade to compel Customs to revise 19 C.F.R. § 133.21. In addition, in *Coalition to Preserve the Integrity of American Trademarks v. United States*, 598 F.Supp. 844 (1984), (the so-called "COPIAT" case), an association of foreign manufacturers sought declaratory and injunctive relief halting the administration of 19 C.F.R. § 133.21. Recently, defendants in both cases have been granted summary judgment, and the *Vivitar* decision has been affirmed on appeal by the Court of Appeals for the Federal Circuit.

By Memorandum and Order dated November 15, 1984, the undersigned denied a motion by the federal defendants seeking dismissal of the complaint for lack of subject matter jurisdiction. The decision did not address a number of other motions filed by the parties and proposed intervenors. The matter, therefore, is now before the Court for consideration of the balance of motions: the motions of K-Mart and 47th Street Photo for leave to intervene, the motions of the federal defendants and proposed intervenors for dismissal or a stay due to plaintiff's alleged failure to exhaust administrative remedies and under the doctrine of primary jurisdiction, the motions of the federal defendants and proposed intervenors for a stay pending resolution of *Vivitar* and *COPIAT* and transfer of venue to the district of the District of Columbia, the motion of proposed intervenor 47th Street Photo for dismissal for failure to state a claim upon which relief can be granted, plaintiff's motion for summary judgment, and the cross-motions of the federal defendants and proposed intervenors for summary judgment.

Motions for Intervention As of Right

Under Rule 24(a)(2), a proposed intervenor must show that (1) the application is timely, (2) the applicant claims an interest relating to the property or transaction which is the subject matter of the action, (3) the protection of the interest may, as a practical matter, be impaired by the disposition of the action, and (4) the interest is not adequately protected by an existing party. *United States Postal Service, v. Brennan,* 579 F.2d 188, 191 (2d Cir. 1978). The parties do not dispute that proposed intervenors' applications are timely.

With respect to the second requirement, the Court of Appeals for this Circuit has recently noted:

> "The term 'interest' in this context defies a simple definition. Before the 1966 amendment, Rule 24(a) allowed intervention as of right only where the applicant 'is or may be bound by a judgment in the action' or where the 'applicant is so situated as to be adversely affected by a distribution or other disposition of property in the custody of the court or of an officer thereof.' Clearly, the 1966 amendment was intended to expand the right to intervene beyond those situations. However, as another court has aptly observed, 'the amendments made the question of what constitutes an "interest" more visible without contributing an answer.'
>
> "In discussing 'interest in the context of intervention as of right,' the Supreme Court has stated that the interest must be 'significantly protectable.' Moreover, it is said that such an interest must be direct as opposed to remote or contingent.
>
> "These definitions are, of course, imprecise, but it is difficult to be more than general in stating criteria designed to cover the multitude of possible intervention situations."

Restor-A-Dent Dental Lab v. Certified Alloy Products, 725 F.2d 871 (2d Cir. 1984) (citations omitted).

Applying these principles to the applications before me, I conclude that the interests of 47th Street Photo, but not those of K-Mart, rise to a level sufficient to require intervention as of right.

47th Street Photo has submitted affidavits which are essentially undisputed indicating that it purchases a substantial quantity of Olympus products from authorized distributors of Olympus merchandise abroad. According to these documents, if 47th Street Photo were forced to purchase the Olympus products that it sells solely from United States distributors, which would happen only if plaintiff prevailed in this action, it would be unable to continue selling Olympus products at discount prices. In addition, 47th Street Photo's access to other foreign-manufactured gray market products, which apparently are not available through the manufacturer's United States distributors, would be curtailed. Overall, 47th Street Photo's ability to do business would be substantially threatened. *See NYPIRG v. Regents*, 516 F.2d 350 (2d Cir. 1975); *see also Planned Parenthood v. Citizens for Community Action*, 558 F.2d 861 (8th Cir. 1977); *Atlantic Refining Co. v. Standard Oil Co.*, 304 F.2d 387 (D.C. Cir. 1962).

K-Mart, while a substantial purchaser of gray market goods, stands in a somewhat different position with respect to this case because it merely claims to be a "potential customer for imported Olympus gray market products." Its interest, therefore, is more remote and contingent. In one sense, K-Mart's position is analagous to that of the pharmacists in *NYPIRG, supra*, because K-Mart seeks to intervene in a suit challenging a regulation quite possibly inimical to its livelihood. *Compare Atlantic Refining, supra, and Natural Resources v. U.S. Nuclear Reg. Comm.*, 578 F.2d 1341 (10th Cir. 1978) *with Wade v. Goldschmidt*, 673 F.2d 182 (7th Cir. 1982) *and Rosebud Coal Sales Co. v. Andrus*, 644 F.2d 849 (10th Cir. 1981). However, I am persuaded by practical considerations recently discussed in *Restor-A-Dent, supra*, to deny K-Mart's motion to intervene as of right. Most importantly, to open the door to K-Mart's intervention as of right would do so to a class of persons or entities only remotely affected by the outcome of a challenge to a federal regulation and would preclude exercise of discretion in weighing the adverse effect of intervention on the prosecution of the plaintiff's cause of action. *Restor-a-Dent, supra* at 876; *see also United*

States ex rel. Carmona v. Ward, 416 F. Supp. 276, 279 (S.D.N.Y. 1976). Accordingly, K-Mart's motion for intervention as of right is denied because the applicant claims too remote and contingent an interest in the property or transaction that is the subject matter of this action.

As to the third requirement, quite clearly, 47th Street Photo's ability to protect its interests will, as a practical matter, be impaired if 47th Street Photo is not permitted to intervene. Although apprehension concerning the force of *stare decisis* will not support intervention in all cases, *Oneida Indian Nation v. State of New York*, 732 F.2d 261 (2d Cir. 1984), its effect under the circumstances presented here, presenting a significant case of apparent first impression, suffices to establish the third element of *Brennan. Natural Resources Defense Council, supra*. 578 F.2d at 1345, *see generally* Federal Rule of Civil Procedure 24(a); *NYPIRG, supra*, 516 F.2d at 350; *Spirit v. Teachers Ins. and Annuity Ass'n*, 93 F.R.D. 627, 643 (S.D.N.Y. 1982).

Finally, as to the fourth element of the *Brennan* analysis, I conclude that 47th Street Photo has met its burden of establishing that the Government's representation may be inadequate because 47th Street Photo's interests, as well as its perspective and expertise, may differ significantly from those of the Government's. This burden is minimal, *Trbovich v. U.M.W.*, 404 U.S. 528, 538 n. 10, 92 S.Ct. 630, 643 n. 10 (1972); yet, the applicant must at least overcome the presumption of adequate representation that arises when it has the same ultimate objective as a party to an existing suit, *Brennan, supra*, 579 F.2d at 191, especially if that party is the Government. *Environmental Defense Fund, Inc. v. Higginson*, 631 F.2d 738, 760 (D.C. Cir. 1979). 47th Street Photo has stressed, and the United States does not contest, that it possesses experience and knowledge in a complex area of international trade and business which the Government does not have. *Natural Resources Defense Council, supra*, 578 F.2d 1341. In addition, 47th Street Photo may be expected to make a more vigorous presentation in favor of the regulation in question, given its significant economic interest in the regulation. *NYPIRG, supra*. Further, its private interst may differ somewhat from the more public interest oriented motives of the Government. *See Vivitar v. United States, supra*. 47th Street Photo

has also pointed out that its legal arguments may differ from those of the Government. *See generally National Farm Lines v. ICC*, 564 F.2d 381 (10th Cir. 1977).

Accordingly, 47th Street Photo's motion for intervention as of right is granted.

K-Mart's Motion for Permissive Intervention

Under Rule 24(b), a district court may, in its discretion, permit intervention when "an applicant's claim or defense and the main action have a question of law or fact in common." In exercising its discretion the district court must principally consider "whether the intervention will unduly delay or prejudice the adjudication of the rights of the original parties." Additional considerations include the nature and extent of the intervenor's interests, whether its interests are adequately represented by the other parties, whether the applicant will benefit by intervention, and whether the applicant will significantly contribute to full development of the underlying factual issues in the suit and to the just and equitable adjudication of the legal question presented. *Brennan, supra*, 579 F.2d at 192-93.

Having considered these factors in the context of the present case, I conclude that K-Mart's motion for permissive intervention should be granted. K-Mart's defenses and the instant action plainly concern a common question of law or fact, the validity of 19 C.F.R. § 133.21(c). In addition, since K-Mart has raised different legal arguments to support the regulation, its interest may not be adequately represented by 47th Street Photo and the Government and may contribute to more complete development of the record. Most importantly, the enormity of K-Mart's economic stake in the validity of the regulation in question,[1] though too contingent to justify intervention as of right, weighs heavily in favor of permissive intervention.

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[1] K-Mart alleges and the parties don't dispute that it purchases $250-300 million annually of gray market goods.

The foregoing determinations differ from those reached by the Court of International Trade in *Vivitar*, 585 F.Supp. 1415 (C.I.T. 1984), which, under virtually identical circumstances, denied K-Mart's application for permissive intervention.[2] Citing "the potential for a vast number of applications for intervention by persons in the position of K-Mart," *id.* at 1419, Judge Restani concluded that intervention would unduly delay or prejudice the adjudication of the rights of the original parties. My reasons for concluding to the contrary are twofold. First, to date, only two such parties have come forward in this action. In addition, the fact that two highly interested private parties, as well as the Government, are prepared to invest their time and resources to affirm the validity of 19 C.F.R. § 133. 21(c) may actually discourage others similarly situated from concluding that it is necessary to make such a commitment to the litigation themselves. Regardless, any future applications by other parties will be evaluated in the light of the current posture of the case, and further intervention may well be inappropriate. Accordingly, K-Mart's motion for permissive intervention is granted.

Motions for Dismissal or Stay

Primary Jurisdiction. In *United States v. Philadelphia National Bank*, 374 U.S. 321, 353, 83 S.Ct. 1715, 1736, 10 L.Ed.2d 915 (1963), the United States Supreme Court stated that the doctrine of primary jurisdiction

> "requires judicial abstention in cases where protection of the integrity of a regulatory scheme dictates preliminary resort to the agency which administers the scheme. . . . Court jurisdiction is not thereby ousted, but only postponed."

In this Circuit primary jurisdiction is said to be based upon "a desire for uniformity of regulation and the need for an initial consideration by a body possessing special expertise in the issue

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[2] The court in *Vivitar* granted 47th Street Photo's motion for intervention as of right and denied K-Mart's application for similar relief.

presented." *Board of Education of City School District v. Harris*, 622 F.2d 599, 606 (2d Cir. 1979). In determining whether to apply the doctrine, the courts have considered (1) whether the question at issue is within the conventional experience of judges or whether it involves technical or policy considerations within the agency's particular field of expertise, (2) whether the question at issue is peculiarly within the agency's discretion, (3) whether there exists substantial danger of inconsistent rulings, and (4) whether a prior application to the agency has been made. *RCA Global Communications, Inc. v. Western Union Telegraph Co.*, 521 F.Supp. 998, 1006 (S.D.N.Y. 1981), *quoting Orange & Rockland Utilities, Inc. v. Howard Oil Co.*, 416 F.Supp. 460, 466 (S.D.N.Y. 1976).

Applying these considerations to the instant case, I find it unnecessary and inappropriate to defer to the Treasury Department's factfinding expertise because the issue presented is strictly legal and within the expertise of the judiciary. *Board of Education of City School District, supra*, 622 F.2d at 607. Few, if any, technical or policy concerns of the agency are involved in this case; rather, the dispute is one of statutory construction and consideration of whether §133.21(c) properly implements Section 526 of the Tariff Act and Section 42 of the Lanham Act as intended by Congress. *RCA Global Communications, Inc., supra* at 1006. Those few issues of fact that do emerge when considering the issue of gray market imports generally are tangential to the narrow focus of the dispute — the construction of § 526 of the Tariff Act by the Customs Service as set forth in § 133.21(c). Further, the record shows that resort to the agency is also unnecessary because of the Customs Service's and Treasury Department's long-standing and oft-expressed general policy. *See* Olympus Exhibit F.[3]

In sum, then, the issue is not peculiarly within the agency's discretion and has been before the agency for consideration formally and informally for several years. There is no compelling reason for this Court to defer its jurisdiction and postpone indefinitely

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[3] During a status conference on June 11, 1984, counsel for the United States, in response to a question from the Court, stated that "we don't contemplate for [sic] remand to the agency because the agency at this stage believes that its regulation is valid . . . ." Tr. at p. 15.

consideration of the regulation at issue. I, therefore, decline to dismiss this case pursuant to the doctrine of primary jurisdiction.

Exhaustion of Administrative Remedies. Federal defendants and intervenor-defendants correctly note that exhaustion of prescribed administrative remedies must generally precede resort to the federal judiciary. *Myers v. Bethlehem Ship Building Co.*, 303 U.S. 41, 50-51, 58 S.Ct. 459, 463-64, 82 L.Ed. 638 (1938). The exhaustion doctrine is concerned with the timing of judicial review and provides that a court should resist premature intervention in a dispute. Judicial relief is premature when an agency has not had the opportunity to fully develop factual findings, apply its expertise to new issues, and to exercise its discretionary powers. *See McKart v. United States*, 395 U.S. 185, 193-94, 89 S.Ct. 1657, 1662-63, 23 L.Ed.2d 194 (1969); *Touche Ross, infra*, 609 F.2d at 574. This broad rule, however, has been subject to substantial judicial clarification, and its application to any given case "requires an understanding of its purposes" and analysis of the unique circumstances of a particular dispute. *Touche Ross, infra* at 576 *quoting McKart v. United States, supra*, 395 U.S. at 193, 89 S.Ct. at 1662. Upon review of the case law in this area, I conclude that exhaustion is not required here.[4]

It is well recognized that several exceptions to the exhaustion doctrine exist, including, *inter alia*, the rules that the doctrine is inapplicable "when the issues presented to the court revolve around statutory interpretation." *Touche Ross & Co. v. SEC*, 609 F.2d 570, 576-77 (2d Cir.1979); *TIME D.C. Inc. v. Truck Employees of North Jersey Welfare Fund*, 560 F.Supp. 294, 302 (E.D.N.Y.1983). Here, the issue involved is strictly legal, involving neither the agency's particular expertise nor its factfinding

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[4] I do not reach a conclusion as to whether plaintiff has formally exhausted all potential avenues of agency review. However, as noted earlier, it appears that plaintiff's position has long been before the agency for consideration, and the agency has chosen, for its own policy, administrative or political reasons, not to issue a conclusive determination.

powers. Particularly on point is this Circuit's ruling in *Touche Ross v. SEC, supra*. Plaintiff therein sought a declaratory judgment that SEC Rule 2(e) had been promulgated "without any statutory authority" and that plaintiff was being burdened by the agency acting "without any statutory authority of law." 609 F.2d at 573. Defendant, the SEC, moved to dismiss on the ground that plaintiff had failed to exhaust administrative remedies. The court set forth a list of situations in which exhaustion issues may arise, the third being pertinent to this case:

> ". . . and (3) when, as in the particular circumstances of this case, Touche Ross requested this Court to adjudicate the question whether the Commission has the *authority* to promulgate Rule 2(3) and to proceed thereunder."

Id. at 574 (emphasis in original). Upon examination of the facts before it, the *Touche Ross* court concluded that agency expertise and discretion were unnecessary because "the issue is one of purely statutory interpretation." *Id.* at 577.

The *Touche Ross* court held, in relevant part, that "because there is no need for further agency action to enable us to reach the merits . . . appellants need not exhaust the administrative remedies." *Id.* at 574. The Court of Appeals has held exhaustion to be unnecessary in other cases where the underlying purposes of the doctrine as outlined by the Supreme Court in *McKart*, *supra*, 395 U.S. at 193-94, 89 S.Ct. at 1662-63, are satisfied. *E.g.*, *Finnerty v. Cowen*, 508 F.2d 979 (2d Cir. 1974); *Daipulse Corp. v. Food & Drug Administration*, 500 F.2d 75 (2d Cir. 1974); *see also TIME D.C. Inc.*, *supra*.

The instant case presents a situation virtually identical to that existing in *Touche Ross*. Plaintiff herein challenges the validity of an agency reulation, § 133.21(c), and the agency's statutory authority is to issue it. Determination of that question is properly vested in the federal judiciary because there is no difficulty in obtaining and identifying the relevant facts through analysis of the legislative and administrative history.

Further, exhaustion of administrative remedies is unnecessary for other reasons. Exhaustion is unnecessary where administrative remedies would be futile. Here, the Treasury Department has already decided not to modify the regulation. *See* Olympus Exhibit F; *see Diapulse Corp., supra.* The fact that plaintiff may petition the agency for amendment or rescission of the regulation is not determinative. *See Consumers Union v. Miller*, 84 F.R.D. 240, 244 (D.D.C.1979). While the May 21, 1984 notice soliciting data regarding the economic effects of gray market imports remains outstanding, plaintiff should not be barred from judicial review of the legality of the regulation at issue since the legality of the regulation does not depend upon its economic impact.

Finally, defendant's reliance on *Seafarers International Union of North America, AFL-CIO v. United States Coast Guard*, 736 F.2d 19 (2d Cir.1984), is misplaced. The challenge in *Seafarers* was to agency inaction and failure to announce a rule, whereas plaintiff herein challenges as *ultra vires* a specific regulation being enforced. The issues in *Seafarers* were largely factual while the dispute in the present case is purely legal. Finally, in *Seafarers*, the defendant Coast Guard was concurrently involved in a reexamination of the regulations concerned and had instituted a comprehensive rulemaking. The Court, therefore, declined to "intervene in this ongoing administrative process on the basis of abstract and broad allegations . . . ." *Id.* at 29. In contrast, the present case involves no such substantial ongoing agency proceedings and no comparable set of factual issues appropriate for initial consideration by the agency possessing particular expertise in such matters.

For all the foregoing reasons, federal defendants' and defendant-intervenors' motions to dismiss or stay this action on grounds of primary jurisidation or failure to exhaust administrative remedies are denied.

Motions for Stay or Transfer of Venue

Because COPIAT and Vivatar have been decided during the pendancy of these motions, the issues raised by defendants' motions for a stay or transfer of venue are moot.

Motion to Dismiss for Failure to State a Claim

Defendant-intervenor 47th Street Photo contents that plaintiff's complaint fails to state a claim under Section 42 of the Lanham Act, 15 U.S.C. § 1124, which provides in pertinent part that "no article of imported merchandise . . . which shall copy of simulate a trademark registered in accordance with the provisions of this chapter . . . shall be admitted to entry at any customhouse of the United States . . . ." Plaintiff contends that this statute affords it protection against the importation by third parties of goods bearing authentic Olympus trademarks.

Section 42 of the Lanham Act is, with slight modifications, a reenactment of Section 27 of the Trademark Act of 1905. 33 Stat. 724. It is agreed that up until *A. Bourjois & Co. v. Katzel*, 260 U.S. 689, 43 S.Ct. 244, 67 L.Ed. 464 (1923), goods possessing a genuine foreign trademark could not infringe a domestic trademark. *E.g.*, *Fred B. Gretsch Mfg. Co. v. Schoening*, 238 F. 780 (2d Cir.1916); *Hunyadi Janos Corp. v. Stoeger*, 285 F. 861 (2d Cir.1922). In *Katzel*, the Second Circuit held that an American purchaser, by arms-length transaction, of exclusive domestic trademark rights could not prevent the foreign seller of the trademark rights from continuing to sell to others the foreign made goods bearing a lawful French trademark which then came into the United States after the transfer of of trademark contract, because the goods coming in were not counterfeit marks or spurious goods and, therefore, did not "copy or simulate."

While the *Katzel* decision was pending before the United States Supreme Court, Congress, after limited debate, enacted Section 526 of the Tariff Act, 19 U.S.C. §1526. In 1923, the Supreme Court reversed the Second Circuit opinion in *Katzel* and held that the defendant could be enjoined from selling imported merchandise which was the authentic product of the French manufacturer and bore its trademark. This decision has been interpreted in two ways. One reading, urged herein by plaintiff, is that importation was prohibited under trademark law because such goods imported by anyone other than the American trademark registrant violated the holder's property right in that trademark. The other reading, asserted herein by defendants, concludes that the *Katzel* holding

was premised largely on the equities of the facts in the case — specifically, the unfairness of permitting the foreign manufacturer, which had sold its trademark rights to another, to subsequently have its goods imported into the United States in direct competition with the independent American purchaser of the trademark.

A. *Bourjois & Co. v. Aldridge*, 263 U.S. 675, 44 S.Ct. 4, 68 L.Ed. 501 (1923), presented the Supreme Court with a factual situation similar to that in *Katzel*. The Second Circuit certified two questions to the Supreme Court: "(1) Is the sale in the United States of Westheimer's Manon Lescaut powder an infringement of plaintiff's registered trademark? [and] (2) is the collector, by section 27 of the Trademark law, required to exclude from entry genuine Manon Lescaut powder so as aforesaid made in France?" A *Bourjois & Co. v. Aldridge*, 293 F. 1013, 1014 (2nd Cir.1922). In its *per curiam* decision the Supreme Court responded: "The two questions certified by the Circuit Court of Appeals for the Second Circuit are answered in the affirmative, upon the authority of *Bourjois & Co. v. Katzel*, 260 U.S. 689, [43 S.Ct. 244, 67 L.Ed. 464] the defendant not objecting." *Id.* at 626, 44 S.Ct. at 4. *Aldridge*, while directly applying Section 27, the predecessor to Section 42 of the Lanham Act, is, therefore, also subject to two interpretations based upon the aforementioned alternative readings of *Katzel*.

The District Court for the District of Columbia, by Judge Johnson, concluded in *COPIAT* that *Katzel* and *Aldridge* were narrow holdings tied to the particular facts of those cases. Having made that finding, Judge Johnson held that, absent the *Katzel* facts, Section 42 of the Lanham Act must be read to apply only to merchandise bearing counterfeit or spurious trademarks that truly "copy or simulate" genuine trademarks. The Court of International Trade, by Judge Restani, did not address Section 42 of the Lanham Act in *Vivitar*, having decided in an earlier opinion that it lacked subject matter jurisdiction to do so. *Vivitar, supra*. However, in concluding that Section 526(a) of the Tariff Act could reasonably be read to authorize Customs Service regulation 133.21(c), Judge Restani also apparently read *Katzel* and *Aldridge* in the narrow manner urged herein by defendants. In *Osawa & Co. v. B & H Photo*, 589 F.Supp. 1163 (S.D.N.Y.1984), Judge Leval construed

Katzel and *Aldridge* broadly and concluded that Section 42 of the Lanham Act does govern genuine foreign merchandise imported into the United States. *See also Bell & Howell: Mamiya Co. v. Masel Supply Co.*, 548 F.Supp. 1063 (E.D.N.Y.1982)(Neaher, J.), *rev'd and remanded on other grounds*, 719 F.2d 42 (2d Cir.1983). Finally, the United States International Trade Commission ("ITC") in *In re Certain Alkaline Batteries (Duracell)*, No. 337-TA-165 (I.T.C. Nov. 1984), also construed Section 42 to exclude genuine goods that bear a foreign trademark from entry into the United States if that trademark copies or simulates the American trademark holder's mark. The 3-2 decision of the ITC was disapproved by President Reagan on January 4, 1985.

As is clear, judicial interpretation of the scope of *Katzel*, *Aldridge* and Section 42 is split. It appears to this Court that *Katzel* held that the independent owner of the registered trademark had the right to enjoin anyone else from selling the same product under that mark in the United States. In *Katzel*, the Supreme Court emphasized the equities, citing no statute or precedent. Justice Holmes wrote that it would be "most unfair" to permit the French trademark seller to arrange to have its goods marketed in the United States by someone other than the American owner "for the purposes of evading the effect of the transfer." 260 U.S. at 691, 43 S.Ct. at 245. Such a "contrivance," he said, "must fail." *Id*. For the same equitable reasons, Justice Holmes said that buyers from the French producer, even if not engaged in any conspiracy, were prohibited from violating the trademark rights that had been purchased by an American concern that had invested substantial sums in developing its own independent public image.

This language makes clear, when read in conjunction with Section 42 of the Lanham Act, that a determination as to whether genuine foreign merchandise infringes a domestic trademark holder's mark cannot be made at the customhouse at the time of importation. If Section 42 regarding goods that "copy or simulate" a domestic trademark were interpreted to apply to genuine foreign merchandise such as that at issue in this case, Customs' officials would be placed in the position of having to determine at the time of border crossing whether the domestic trademark holder had developed an independent public image in this country. Customs'

officials, in effect, would be given the power to determine infringement at the border, before the issue of domestic good will was clarified. That determination of copying and confusion is appropriately resolved through litigation in the courts where a full factual record can be developed. Accordingly, I conclude that plaintiff's Section 42 cause of action fails to state a claim for relief and must be dismissed.

Cross-Motions for Summary Judgment

As a preliminary matter, it is necessary to address defendant-intervenors' assertion that material factual issues exist requiring trial which preclude plaintiff from obtaining summary judgment. Such claimed factual disputes include plaintiff's alleged injuries, plaintiff's allegations that gray market imports are "free-riding" on its good will established through an expensive commitment to the Olympus-brand by national advertising, warranty and service programs, and the extent to which Olympus-brands goods are imported without authorization and sold at a significantly lower wholesale price. These arguments, however, are unpersuasive in the context of the instant action for declaratory and injunctive relief. The allegedly disputed facts simply are not material issues relevant to this action under § 526 to invalidate Customs Service regulation § 133.21(c).

Of course, even the legal issue as to the proper construction of § 526 and the reasonableness of regulation § 133.21(c) requires identification and organization of the facts concerning the legislative and judicial history of § 526 and the administrative history regarding the promulgation and application of § 133.21(c). Such inquiry is, however, part of the determination of the law, not a matter of factual dispute. Accordingly, the parties to this action, including intervenors, have briefed in exhaustive detail the history of the statute and regulation in controversy. Although the parties have drawn different conclusions as to the significance or meaning of various legislative, judicial, and agency actions, none of the parties has challenged the basic historical chronology and the factual background of the statute and regulation at issue. Because this is so, the dispute is ripe for judicial interpretation and summary disposition.

The issue for determination, then, is whether § 113.21(c) is inconsistent with § 526 of the Tariff Act and, therefore, *ultra vires*. Plaintiff asserts that § 526 on its face permits Olympus to exclude all merchandise bearing the Olympus trademark but distributed by anyone other than the domestic mark holder. Plaintiff contends that § 133.21(c) effectively nullifies the protection that it claims Congress intended § 526 to provide United States trademark owners, as supported by the legislative and administrative history of the statute. Defendants contend that the broad language of § 526 cannot be applied without consideration of the intended purpose of the statute. Resorting to the same legislative history cited by plaintiff, defendants conclude the Congress enacted § 526 as a special, limited remedy aimed at protecting American businesses from perceived unfair competition occurring in *Katzel*-type factual circumstances. Further, defendants argue that the administrative practice and congressional action or inaction subsequent to enactment of § 526 support their narrower construction of the statute.

Section 526 read literally would indeed give plaintiff the right to exclude all goods bearing the Olympus trademark. However, as Judge Patricia Wald of the District of Columbia Court of Appeals has observed while discussing the Supreme Court's canons of statutory construction:

> "[A]lthough the Court still refers to the 'plain meaning' rule, the rule has effectively been laid to rest. No occasion for statutory construction now exists when the Court will not look at the legislative history . . . ."

Wald, *Some Observations on the Use of Legislative History in the 1981 Supreme Court Term*, 68 Iowa L.Rev. 195 (1983). It is clear, then, that the Court may examine "the circumstances surrounding enactment" of § 526 including "the evil which it was designed to remedy . . . contemporaneous events, [and] the situation . . . as it was pressed upon the attention of the legislative body." *Church of the Holy Trinity v. U.S.*, 143 U.S. 457, 459, 463, 12 S.Ct. 511, 512-513, 36 L.Ed. 226. No theory of judicial review requires the Court to ignore available facts that may aid it in establishing legislative intent. *Zenith Radio Corporation v. United States*, 437 U.S. 443, 98 S.Ct. 2441, 57 L.Ed.2d 337 (1978). Furthermore, in

construing § 526, the administrative interpretation of the Customs Service charged with administering the statute is entitled to substantial deference. *Id.* at 450, 98 S.Ct. at 2445.

Having undertaken such review of the legislative hsitory of and administrative practice with respect to § 526, I conclude that the statute was enacted in response to the Second Circuit's *Katzel* decision and had a limited purpose. The broad interpretation that plaintiff urges upon the Court is contrary to the reading that is supported by the legislative history, longstanding administrative practice by the Customs Service, relevant judicial decisions, and legislative inaction or acquiescence of all of the above during the decades following enactment of § 526. Because the legislative history has been thoroughly set forth in Judge Restani's opinion in *Vivitar*, there is no need to reiterate it herein. Further, Judge Restani and Judge Johnson in *Vivitar* and *COPIAT*, respectively, have exhaustively discussed the administrative practice of the Customs Service and congressional ratification thereof, again obviating the need for a similar recitation of that history by this Court. The Federal Circuit, however, in affirming *Vivitar* has stated its majority opinion in lengthy dicta,[5] that § 526 is of broader scope than the regulation. The majority concluded that § 526 is of broader scope than the regulation. The majority concluded that § 526 should not be given the limited construction urged by defendants herein. In reaching that conclusion, the majority rejected the same arguments presented by defendants herein in favor of a limited construction based upon the legislative history, administrative interpretation, and implied congressional ratification of § 526. Although the Federal Circuit's opinion is thorough and thoughtful, its conclusion as to the scope of the statute is less persuasive to this Court than that reached in *Vivitar* and *COPIAT*.

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[5] As Judge Davis stated in his concurring opinion criticizing the majority's "wholly inappropriate . . . dicta" in *Vivitar:*

> "All that we hold in this case is that the Customs regulation is now valid as a Customs enforcement regulation."

761 F.2d at 1572.

Accordingly, the motions of K-Mart and 47th Street Photo for leave to intervene are granted; the motions of the Federal defendant-intervenors for dismissal based on the doctrines of primary jurisdiction or exhaustion and for stay or transfer of venue are denied; the motions of 47th Street Photo for dismissal of the Section 42 claim is granted; plaintiff's motion for summary judgment is denied; and the cross-motions of all defendants for summary judgment on the § 526 claim are granted.

The clerk is directed to enter judgment dismissing the complaint and to mail a copy of the within to all parties.

SO ORDERED.

APPENDIX C

UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

At a stated Term of the United States Court of Appeals for the Second Circuit, held at the United States Courthouse in the City of New York, on the Ninth day of June one thousand nine hundred and eighty-six.

Present: HON: JAMES L. OAKES,
HON: RALPH K. WINTER,
HON: GEORGE C. PRATT.

Circuit Judges,

OLYMPUS CORPORATION,

Plaintiff-Appellant,

— v. —

UNITED STATES, et al.,

Defendants-Appellees,

K MART CORPORATION,

Intervenor-Appellee,

47TH STREET PHOTO, INC.,

Intervenor-Appellee.

Appeal from the United States District Court
for the Eastern District of New York

This cause came on to be heard on the transcript of record from the United States District Court for the Eastern District of New York, and was argued by counsel.

ON CONSIDERATION WHEREOF, it is now hereby ordered, adjudged and decreed that the judgment of said District Court be and it hereby is affirmed in accordance with the opinion of this court with costs to be taxed against the appellant.

ELAINE B. GOLDSMITH
Clerk

s/Edward J. Guardaro
By: Edward J. Guardaro
Deputy Clerk

APPENDIX D

SUPREME COURT OF THE UNITED STATES
No. A-147

OLYMPUS CORPORATION,

Applicant,

v.

UNITED STATES, ET AL.

ORDER EXTENDING TIME TO FILE PETITION FOR WRIT OF CERTIORARI

UPON CONSIDERATION of the application of counsel for the applicant,

IT IS ORDERED that the time for filing a petition for a writ of certiorari in the above-entitled case be, and the same is hereby, extended to and including November 6, 1986.

s/Thurgood Marshall

Associate Justice of the Supreme
Court of the United States

Dated this 27th day of August, 1986.